



Department of Justice

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JUSTICE DEPARTMENT CLEARS WAY FOR NETWORK OF COMMUNITY HOSPITALS IN MICHIGAN

WASHINGTON, D.C. -- The Department of Justice today cleared the way for a group of seven, small geographically dispersed community hospitals in Michigan to form a network to negotiate contracts on their behalf with insurance companies, employers and managed care plans.

The Department's position was stated in a business review letter from Charles A. James, Assistant Attorney General for the Antitrust Division, to counsel for the network, Michigan Hospital Group Inc., (MHG).

"The operation of MHG will allow these seven community hospitals to contract with health plans and other third-party payers in an efficient and cost-effective manner, said Charles A. James, Assistant Attorney General for Antitrust. "Reducing costs in this way can help ensure that hospital services will continue to be available to consumers in rural areas."

The letter said the network, as proposed, would pose no threat to competition in the areas served by the members of MHG. The hospitals represented, and the Department's own investigation confirmed, that these seven hospitals do not currently compete with one another in the geographic areas surrounding each hospital.

MHG will collect and analyze data from each hospital in order to negotiate managed care contracts on behalf of its members. All proprietary data collected from participating hospitals will be treated in strict confidence. No individual member will have access to any other

member's costs or prices. MHG will be a non-exclusive network and its members will remain free at all times to contract individually with health care plans and other payers or to join other provider networks.

The following hospitals are members of MHG:

- Charlevoix Area Hospital, Charlevoix, MI;
- Community Health Center of Branch County, Coldwater, MI;
- Gratiot Community Hospital, Alma, MI;
- Marlette Community Hospital, Marlette, MI;
- Memorial Medical Center of West Michigan, Ludington, MI;
- Pennock Hospital, Hastings, MI; and
- West Branch Regional Medical Center, West Branch, MI.

The hospitals range in size from 33 to 127 beds and have an average daily patient count of 15 to 70; six of the seven hospitals have fewer than 100 beds and have an average daily patient count under 60.

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group of the Antitrust Division, Suite 215, Liberty Place, 325 7th Street, N.W., Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file, unless a basis for

their exclusion for reasons of confidentiality has been established pursuant to Paragraph 10(c) of the Business Review Procedure, 28 C.F.R. § 50.6.

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